



Ayres, S. A. (2017). Assessing the impact of informal governance on political innovation. *Public Management Review*, 19(1), 90-107.  
<https://doi.org/10.1080/14719037.2016.1200665>

Peer reviewed version

Link to published version (if available):  
[10.1080/14719037.2016.1200665](https://doi.org/10.1080/14719037.2016.1200665)

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PDF-document

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## Assessing the impact of informal governance on political innovation

### ABSTRACT

The aim of this article is to examine the role played by ‘informal governance’ in shaping political innovation. Informal governance can be defined as a means of decision-making that is un-codified, non-institutional and where social relationships play crucial roles. This article explores the impact of informal governance on three dimensions of political innovation - innovations in polity (institutions), politics (process) and policy (outcomes). It argues that an analysis of informal governance is essential if we are to fully understand how political innovation occurs. Research evidence suggest that even when formal structures and procedures are weak, political innovation can still thrive.

**KEY WORDS:** ‘informal governance’, innovation, democracy, institutions, agency

### INTRODUCTION

This article examines the role of ‘informal governance’ in shaping political innovation. In the introduction to this Special Issue, particular attention is given to innovations in political institutions, processes and outcomes - or what the Sorensen (2016, x) refers to as ‘polity, politics and policy’. This way of conceptualizing public innovation takes account of the political context in which governments seek to promote innovation and change. These three dimensions will be used to frame an analysis of how informal governance shapes political innovation in distinct ways. Informal governance can be defined ‘as a means of decision-making that is un-codified, non-institutional and where social relationships and webs of influence play crucial roles’ (Harsh, 2013, 481). It can shape political innovation in both positive and negative ways. On the one hand, informal governance can assist in solving political and policy problems which cannot easily be solved by traditional government institutions, leading to more effective and innovative decision-making. On the other, it may weaken transparency, accountability and legitimacy by undermining traditional (more formal) administrative structures (Lauth, 2013).

The issue of informality in policy-making is particularly timely as public managers seek to manage multifaceted policy problems within contested and uncertain environments. Political decision-making has increasingly moved away from the national level of government to a more spatially diverse, temporal and fluid set of arrangements (Jessop, 2016). Hajer (2003, 175) refers to policy-making increasingly taking place in an ‘institutional void where there is no generally accepted rules and norms according to which politics is to be conducted’. Others argue that it is the surge of ‘wicked problems’ that have prompted this type of leadership, as multiple actors come together to solve policy problems (Klijn and Koppenjan, 2016). Finally, in many countries the recent global financial crisis has resulted in a reduction in state capacity that has prompted a new style of political leadership - one that relies less on bureaucracy and more on informal relations.

These developments raise important questions about how informal governance operates in this transforming policy landscape and the impact it has on political innovation. There is comparatively little research on the role of informality in policy-making, partly because of the complexity of studying it (Jitske *et al*, 2015). This article responds to this gap by placing informal governance at its heart. The role played by informal governance in shaping political innovation will be examined through a case study of English devolution in the United Kingdom

(UK). This area of policy is highly suited to analyze informal governance for the following reasons. First, the current Conservative government is committed to extensive devolution of power to local government. Yet, there is very little formal guidance shaping the scope and direction of the policy (Political Studies Association, 2016). Second, informality is pertinent to the current devolution debate as the Government is proposing a range of ‘devolution deals’ with localities, each of which is to be individually brokered - a combination in reality of formal ‘front stage’ politics and informal ‘back stage’ negotiations (Klijn, 2014). Third, there is a high degree of complexity and uncertainty evident and the focus on negotiation means that informal governance is more likely to feature (Klijn and Koppenjan, 2016). These features are characteristic of Hajer’s (2003, 175) concept of ‘policy without polity’ - where policy-making is increasingly occurring in an institutional void. This case study provides an opportunity to explore how informal governance influences policy-making in an institutional void and the implications this has for political innovation.

The analysis is from a central government perspective and focuses on three distinct levels. First, changes in the institutional arrangements that regulate and authorize policy-making will be explored. These are referred to as *innovations in polity*, defined as:

‘intentional efforts to reorganize the external boundaries to other polities as well as the institutional framework and procedures that regulate the formation and enactment of democratically authorized decisions’ (Sorensen, 2016, x).

Crucial to this dimension is the complex inter-play between formal institutional arrangements and more informal practices. Second, it will explore the impact of informal governance on the processes involved in negotiating the current round of devolution deals. These processes are referred to as *innovations in politics*. Sorensen (2016, x) defines innovations in politics as ‘the development and realization of new ways for political actors to obtain democratically legitimate political power and influence’. Central to this analysis is the role played by critical actors, or boundary spanners, in the process (Guaneros-Meza and Martin, 2014). Third, *innovations in policy* involve the ‘formulation and elaboration of new political visions, goals, strategies, and policy programmes’ (ibid, x). This section will examine the role of informality in shaping new political visions and strategies amongst senior Whitehall officials charged with managing English devolution.

This article is structured as follows. The next section provides a brief description of the policy context. The third outlines the theoretical framework, including how the concepts of political innovation and informal governance have been operationalized. The fourth section details the research methodology while the fifth presents the empirical analysis. Research findings are presented in three parts that examine the impact of informal governance on innovations in polity, politics and policy. The article concludes by reflecting on how insights from this case study might be utilized in a broader context - theoretically, methodologically and in practice.

## **POLICY BACKGROUND: DEVOLUTION & THE GOVERNANCE OF ENGLAND**

The UK is one of the most centralized countries of its size in the developed world and ‘English local government has the most circumscribed powers of any equivalent tier internationally’ (Institute for Government, 2014, 3). Decentralization has the potential to boost economic growth, allow for variation and innovation in public services and enhance local democracy. All the main UK political parties recognize this possibility and have been good at making

commitments to devolve power. Nonetheless, successive governments have found it hard to implement decentralizing reforms due to a complex set of cultural and institutional barriers.

Elected in May 2015, the current Conservative government set out ambitious plans in its Manifesto ‘to devolve powers and budgets to boost local growth in England’ (Conservative Party, 2015, 1). That same document pledged to devolve ‘far-reaching powers over economic development, transport and social care to large cities which choose to have elected mayors’ (ibid, 1). The Government was swift to implement the Cities and Local Government Devolution Bill (DCLG and Home Office, 2015) to make good this pledge. This Bill is an enabling piece of legislation allowing the Government to proceed on a case-by-case basis to reach a tailor-made deal with each participating locality (Localis and Grant Thornton, 2015). A high degree of variability is anticipated both in terms of the *process* of negotiating the deal and the final policy *outcome*. Some commentators have expressed concern about spatial and social justice given that individual areas will benefit differentially from this process (Smith and Richards, 2015). Others have criticised the lack of transparency in the way that the new deals have been brokered (Centre for Public Scrutiny, 2015). Despite this, there is a strong political drive for devolution. The current challenge for policy-makers and administrators is to achieve political innovation where previous governments have failed.

To date, eleven devolution deals have been negotiated between central government and local areas. Sandford (2016, 18) describes the devolution deals as,

‘consisting of a menu with specials. A number of items have been made available to most areas, but each deal also contains a few unique elements or specials’.

Many of the deals so far cover areas such as further education, business support, unemployment services, EU Structural Funds, fiscal powers, integrated transport plans, local planning and land use. However, there is differentiation. For example, because of its history of productive local partnership working, the Greater Manchester Combined Authority is viewed by Government as the model of best practice regards the deals. It has, therefore, been granted control over policy areas not previously devolved in England, including the ability to integrate health, social care and children’s services (for a comprehensive account see Sandford, 2016).

The government set a deadline of 4<sup>th</sup> September 2015 for submissions to be considered and a total of 38 bids were submitted (DCLG, 2015). The data presented in this article focusses on the *process* of negotiating these deals between senior Whitehall officials and local actors. It will not discuss the details of individual localities or specific deals as this could jeopardize confidentiality agreements. Instead, this article will identify patterns of responses in the beliefs, perceptions and behaviours of senior Whitehall officials engaged in negotiating devolution deals. These insights will provide thick, rich descriptions of the day-to-day working practices of those involved to allow an examination of how they perceive and use informal governance to shape political innovations.

## **LITERATURE REVIEW: POLITICAL INNOVATION & INFORMAL GOVERNANCE**

### *Political innovation and informal governance*

Innovation, as distinct from invention, refers to the adoption of something new to its adopters (Rogers, 2003). Public sector innovation can be defined as ‘the adoption, creation or

development of ideas, objects and practices that are new to the unit of adoption' (Jiannan *et al*, 2013, 350). This definition encompasses a broad range of activities, including the construction, communication and implementation of new ideas and practices. Indeed, there are a range of interpretations offered by scholars on the typologies, dimensions and characteristics of public innovation (Osborn and Brown, 2013). While many of these dimensions are pertinent, this article examines the role of informal governance in shaping political innovation across the three dimensions relevant to this Special Issue: polity, politics and policy.

The distinction between 'front stage' and 'back stage' policy-making is drawn upon. Friedman (1995, 16) suggests that 'front stage, actors are visible to the audience and have to stay in role'. Public officials are visible and accountable as office holders to elected bodies and are constrained by established bureaucratic rules, codes of conduct and public scrutiny (Klijn, 2014). Back stage describes the world of complex decision-making where public officials are hidden from public scrutiny and can engage in complex negotiations less constrained by formal rules. 'Back stage, actors can relax from their roles, step out of character and work with their dramaturgical teammates to prepare for the front stage performance' (Friedman, 1995, 17). Back stage, informal governance may thrive and this flexibility can enhance innovative capacity. Indeed, Torfing *et al* (2012) argue that a degree of 'seclusion' is often necessary in order to govern effectively. The potential advantages of informal governance for each of the three dimensions of political innovation - polity, politics and policy - are set out below.

#### *Innovations in polity - examining the institutions*

Innovations in polity refers to the formal and informal institutional processes and practices in place to organize policy-making (Sorensen, 2016). Formal structures are regulated by rules that have been instituted according to procedures recognized as legal in clearly defined contexts. By contrast, 'informal practices refer to interactions that occur in formal contexts, but according to mechanisms which are effective in wider everyday life' (Brie and Stoltz, 2013, 19). Informal (back stage) practices can offer a number of benefits for innovations in polity. This includes creating an innovative space for 'inspiring, nurturing, supporting and communicating' (Kickert *et al*, 1997, 11), activating (and de-activating) critical actors and resources, promoting streamlined structures (Torfing *et al*, 2012) and developing trust. Trust is a valuable asset in the promotion of political innovation. It can tackle strategic uncertainty and enhance the possibility of actors sharing information and developing innovative solutions (Lane and Bachman, 1998). To work effectively, however, informal practices must complement the formal. Friedman (1995, 17) notes that a key challenge is for actors to 'construct a back stage environment as well as front stage drama, and to manage the movement between these stages'. Nonetheless, this might be especially difficult in an 'institutional void' (Hajer, 2003), where new formal rules and models of legitimacy are being re-negotiated in fluid spaces.

#### *Innovations in politics - examining the process*

Innovations in politics will be examined by exploring how senior Whitehall officials are utilizing informal governance to navigate their working environment. Organizational culture is pivotal in shaping the parameters within which public managers can pursue informal and innovative practices and think creatively about their roles. An 'innovative-oriented culture encompasses both the intention to be innovative and the creation of a supportive climate for innovation' (Wynen *et al*, 2014, 46). Political leaders must grant administrators with sufficient autonomy and flexibility to promote innovation-oriented behaviour. However, this can be

challenging in public bureaucracies which have a disposition to reduce uncertainty and pursue stability (Hartley *et al*, 2013). Operating back stage can, however, help to overcome the predisposition for bureaucratic conservatism. It can empower administrators, or boundary spanners (Guarneros-Meza and Martin, 2014), by encouraging them to use their full professional discretion. This can lead to a dynamic culture of entrepreneurship. Operating back stage provides an opportunity to deploy ‘soft power’ (Newman, 2012) to exert influence. However, elected politicians and public managers may still be held to account for their decisions back stage rendering some measure of transparency and accountability necessary (Ferreira da Cruz *et al*, 2015). To ensure this Reh (2013, 68) suggests that informal governance needs a ‘formalization’ phase. Informal practices must re-engage with formal structures for informal policy visions, goals and strategies to be ratified, codified and for them to have traction and legitimacy.

### *Innovations in policy - examining the outcomes*

Innovations in policy are ‘deliberate efforts to develop and promote new political visions, goals, strategies and policy programmes’ (Sorensen, 2016, x). Polsby (1984) highlights the tension between the political and administrative aspects of policy innovation. Politicians have an important front stage role in developing a narrative and building public support for innovation before it occurs and mobilising various stakeholders. Crucially, they can ‘provide the right climate to enable managers and staff to experiment, and they can challenge technical thinking, combining it with political astuteness’ (Hartley, 2014, 231). By contrast, public managers are responsible for turning political aspirations into policy reality. Informal (back stage) governance offers a number of distinct advantages in overcoming the barriers to policy innovation. It can help to clarify shared goals, provide an opportunity to seek novel and responsive policy solutions and create the commitment required for long-term policy success (Klijn, 2014).

The use of informal governance does, however, raises important questions about accountability and democracy in policy innovation. Fung (2012) argues that policy innovation needs to be mindful of the pursuit of democratic ideals and improvements. However, Borzel and Panke (2012) argue that concerns about transparency and legitimacy in policy-making are often neglected behind the pursuit of effectiveness. Based on this review of the literature three propositions have been developed to examine the role of informal governance in shaping political innovation:

- Innovations in polity: Informal governance creates an ‘innovative space’ to explore new possibilities and develop trust between critical actors.
- Innovations in politics: Informal governance can be used to enhance the autonomy and discretion of administrators, leading to an ‘innovative oriented culture’.
- Innovations in policy: Informal governance can lead to more responsive problem solving and a shared commitment to new policy goals.

Each of these propositions will be explored in the data analysis section below.

### *Operationalizing informal governance*

Formal and informal governance is evident in all political systems and may complement, support, impede or paralyze each other. A key challenge is to distinguish what is ‘informal’ or just part of the bureaucratic process of public administration. Clarifying this distinction is central to operationalizing this research. Most work exploring informal governance has

focussed on the supranational level in an attempt to capture the complexity and fluidity of policy-making in multi-level and multi-actor settings (Christiansen and Neuhold, 2013). This article draws on and develops a framework adopted by Van Tatenhove *et al* (2006) who identify (i) a working definition of informal governance (ii) the strategic motives behind informal practices and (iii) the arenas where informal governance takes place. Although originally conceived as a tool to examine European policy-making, this approach is deemed suitable to explore the impact of informal governance on political innovation as it deals with the complex inter-play between formal and informal arrangements.

(i) *The definition*: Van Tatenhove *et al* (2006: 14) define informal governance as:

‘those non-codified settings of day-to-day interaction concerning policy issues, in which the participation of actors, the formation of coalitions, the processes of agenda setting, (preliminary) decision-making and implementation are not structured by pre-given sets of rules or formal institutions’.

Two concepts are central. First, whether settings are codified or formally sanctioned by legitimate actors. Formal sanctioning can be derived from hierarchy, market and networked forms of governance. It refers to the question of whether practices are based on a *script* agreed and recognized by legitimate actors. Second, are the ‘rules of the game’ and the way that rules guide and constrain the behaviour of actors (Table 1).

*Table 1: Origins of formal sanctioning and rules of the game*

Forms of governance	Formal sanctioning	Rules of the game
Hierarchy	Bureaucracy	Government statute, guidance, strategies
Markets	Contracts	Contractual agreements, legal documents
Networks	Collaboration	Partnership agreements, protocols

Source: Author’s own

(ii) *The motives*: Informal practices can be accidental, pragmatic, intentional, interest-driven or ideological. Van Tatenhove *et al* suggest that the specific interplay of informal and formal practices depends on the strategic intent of the actors involved. They distinguish between two strategic motives: co-operative strategies focus on *facilitating* the formal policy process. Informal practices then play the role of an *innovative space* for new rules, which may become formalized at a later stage. In conflicting strategies actors are motivated by a desire to change formal practices by, for example, raising their *critical voice* in objection to policy or deliberately try to *subvert* formal rules (Table 2). This framework has been employed to analyse whether Whitehall officials were using informal governance to facilitate or undermine the formal political objectives of elected politicians.

*Table 2: Motives behind the emergence of informal practices*

Strategies	Co-operative	Conflicting
Rule-directed (pre-given rules)	Facilitating	Critical voice
Rule-altering (no pre given rules)	Innovative space	Subversive

Source: Author’s own, adapted from Van Tatenhove *et al* (2006, 15)

(iii) *The arenas*: A distinction is made between *front stage* and *back stage*. ‘Front stage’ is the place where roles are performed before an audience, i.e. where actors from state, market and civil society come together in formal settings based on codified rules of the game. ‘Back stage’ the roles of actors or rules of the game are not given beforehand. Back stage is concerned with rule altering arrangements that evolve on the ground in the interactions between actors. Eventually, practices developed back stage may trickle down to the front stage as codified

rules. Table 3 emphasizes the relationship between the strategic motives behind informal governance and the arenas where governance takes place. The vertical axis addresses whether practices are taking place front stage (pre-given rules) or back stage (no pre-given rules). The horizontal axis deals with questions of whether the settings are codified or formally sanctioned or not. Only Cell 1 represents a classical type of formal governance, based on formally sanctioned and codified rules and procedures. Cells 2-4 represent different kinds of informal governance, because they are either not formally sanctioned and/or there are no pre-given rules. Not formally sanction means that there is no pre-agreed script or set of procedures to guide interactions, rather than actors disobeying a script. This framework has been utilized to make the distinction between formal and informal governance in the empirical analysis.

*Table 3: Formal and informal governance arenas*

<b>Arenas</b>	<b>Formally sanctioned</b>	<b>Not formally sanctioned</b>
Front stage (rule-directed, pre-given rules)	1. Formal front stage	2. Informal front stage <i>Facilitating</i> <i>Critical voice</i>
Back stage (rule-altering, no pre given rules)	3. Formally sanctioned backstage <i>Innovative space</i>	4. Sub-politics <i>Subversive</i>

Source: Author's own, adapted from Van Tatenhove *et al* (2006, 17)

## RESEARCH METHODS

This study adopts an in-depth qualitative methodology aimed at providing so-called ‘thick descriptions’ of the day-to-day practices guiding political actions (Rhodes, 2013). The empirical work is based on twenty-two in-depth, semi-structured interviews conducted between September-December 2015 with senior Whitehall officials charged with negotiating devolution deals between central government and local areas. Respondents were identified through established professional contacts, a search of departmental websites and snowballing. Interviews were conducted with officials working in the Treasury, Cabinet Office and the Departments for Business, Innovation and Skills (BIS); Communities and Local Government (DCLG) and Transport (DfT). Respondents were asked a series of questions about formal and informal procedures for negotiating devolution deals. These included, whether they recognized the use of informality in the process, their motivations for using informal governance, their perceptions on the advantages and disadvantages of informal working and the impact of informal governance on the policy process. Interviews were conducted under ‘Chatham House Rules’ and lasted between 60-90 minutes. They were digitally recorded, professionally transcribed and manually coded to elicit findings.

Respondents were remarkably frank and able to recognise and articulate examples of informal governance. Nonetheless, three caveats are worth noting. First, interviewees represented individuals at the heart of devolution negotiations. Their insider status afforded them influence that is unlikely to be shared by a more diverse range of stakeholders. Therefore, their motivation and use of informal governance may not be emblematic of the broader policy network. Second, devolution in England is high on the Government's agenda and is operating under the close guardianship of high profile Ministers. Therefore, the political momentum and the pace of political innovation in this area is not necessarily characteristic of UK policy-making in general. Third, the devolution agenda is characterized by a high degree of informal governance - typical of Hajer's (2003) ‘institutional void’. This provides an interesting opportunity to explore the impact of informal governance on political innovation in a policy environment where regulation is relatively weak.



## DATA ANALYSIS AND FINDINGS

### *Innovations in polity - examining the institutions*

Institutional processes and practices for developing devolution deals has been described as ‘almost entirely secret’ with details ‘being released only when agreements have been reached’ (Centre for Public Scrutiny, 2015, 8). However, formal procedures do exist. Interviewees suggested that negotiations for devolution deals were directed by a series of formally sanctioned rules, not least the Government’s manifesto, Devolution Bill and Ministerial speeches. Indeed, a number front stage institutional arrangements were identified which guided interactions and ‘formalized’ informal working at critical points (Reh, 2013). This included a cross-departmental team (Cities and Local Growth Team) to oversee the deals. Respondents also referred to the use of e-mails to provide a formal mechanism to record agreements and conversations,

‘Civil servants learn to make sure that we record things we think might be useful to record for posterity. But, we want to be careful about getting the right balance between doing that to legitimately cover your back versus just recoding everything to the extent that it becomes unfeasible’ (HM Treasury official) .

Written drafts of the devolution bids were also circulated at critical points and when more formal meetings did occur, for example between local leaders and Ministers, these would be minuted and formally archived. Devolution deals were formally signed off via Whitehall’s Cabinet Committee procedures and local areas had their own procedures. Finally, the deals were signed, in public by the Minister and local leaders.

All respondents agreed, however, that central-local relations were increasingly based on informal governance as compared with arrangements under previous governments. Officials agreed that the main drive had come from a clear steer from Ministers and the contents of the Devolution Bill, which was broadly acknowledged to be purposefully low on guidance (DCLG and Home Office, 2015). In their view ‘the Minister for Communities and Local Government had expressed a clear preference for process light arrangements’ (HM Treasury official). A DCLG official illustrated this point,

‘The Minister [Secretary of State for Communities and Local Government] personally believes very strongly in negotiation. His presence in this agenda, in terms of ministerial continuity and leadership, is extremely important. There is a clear Ministerial ambition on bespoke deals that drives informal working. We have a set of Ministers, including the Chancellor, who are very much more comfortable without the need for a 50 page guidance document. So, this green light from the top builds insurances through the bureaucracy to be able to work more loosely’.

Whitehall officials were overwhelmingly motivated to use informal governance to pursue *co-operative* strategies to either *facilitate* the formal process or create an *innovative space* to explore new possibilities. Many agreed that using informal governance, to facilitate the formal bureaucracy when necessary, was often the best way to achieve policy objectives - essentially managing the complex interplay between front and back stage (Friedman, 1995). Most suggested that informal working had enhanced the effectiveness of the, albeit limited, formal institutional arrangements. For example, inter-personal relationships were used to create an

‘innovative space’ to bring reluctant actors into discussions. A number of interviewees referred to building ‘trust’ as essential in creating a polity conducive to exploring public innovation (Klijn *et al*, 2010), as a HM Treasury official suggested,

‘What my team have been able to do is really develop and broker very informal relationships and trust. The leader of [local] Council called me yesterday. He wanted some informal advice. He knew that he could trust me and that I would tell him the best way to pitch his point to colleagues in the civil service and Ministers. He couldn’t have done that formally so I see my role as bringing them together’.

In this way, officials were essentially able to (re)configure the policy network (Klijn and Koppenjan, 2016) in subtle ways by activating critical actors and resources. Interviewees overwhelmingly viewed this as an effective means to move the devolution agenda forward. This was particularly important given the political pressure to secure a number of high profile deals in a short period of time. As a DCLG official commented, ‘if negotiations were held in public and open to full scrutiny we wouldn’t have got off first base’. Officials were, however, mindful of the potential challenges of translating high trust between individuals at an institutional level. This was made all the more challenging by the significant amount of movement in the Whitehall civil service. Some respondents sought to mitigate these risks by ‘managing the handover effectively and fully briefing new colleagues on the softer, more relational aspects’ (HM Treasury official). Others suggested that the turnover of staff was ‘also a problem when operating through more formal bureaucratic structures so informal governance posed no greater risk’ (DCLG official).

A number of respondents were motivated to use informal governance to pursue *conflicting* strategies but, crucially, not to undermine the Government’s objectives. Instead, conflicting strategies were motivated by a desire to change the politics or practices of local actors with whom they were negotiating. For example, this might involve informal advice on central government’s preferred local people to work with or how to improve the content of local plans. In this way, informal governance had a significant role in reorganizing the external boundaries of Whitehall to other local politics (Sorensen 2016). Finally, there was very little evidence of officials being motivated to use informal governance to *subvert* formal arrangements. This might be explained by the high degree political consensus between elected leaders and senior bureaucrats combined with the fact that the agenda was taking place in an ‘institutional void’ (Hajer, 2003), where there were actually very few rules to subvert (DCLG and Home Office, 2015). Table 4 summarises evidence of informal governance, the innovations in polity and potential pitfalls to more informal ways of working.

*Table 4: The impact of informal governance on innovations in polity*

<b>Manifestations of informal working</b>	<b>Innovation in polity</b>	<b>Potential pitfalls</b>
Process light arrangements & limited policy guidance	Creation of an ‘innovative space’	Translating personal trust into institutional trust
Political sanctioning of informal procedures	(Re) configuration of network actors & assets	Elitist decision-making & potential exclusion of interested parties
Few rules & lack of an agreed script to manage inter-governmental relationships	Harnessing trust as a collaborative asset	
	Strong political momentum	

Elected politicians had provided a clear narrative to empower public managers to use informal working. This proved critical in providing an ‘innovative-oriented culture’ (Wynen *et al*, 2014). Officials felt that a strong mandate from elected politicians engendered a degree of legitimacy and accountability in their use of informality (Hartley, 2014). It is, however, also possible that this emerging central government narrative of dynamism, autonomy and invention could be interpreted as a conveniently constructed script to mask the underlying pressures of public sector cuts and ‘needs must’ arrangements that would be far less palatable as a public discourse. Although not a view expressed by interviewees, one might ascribe the transition to greater informality as bordering on the chaotic and the antithesis of good governance (Smith and Richards, 2015). Although beyond the scope of this analysis, it would be interesting to ascertain how stakeholders outside central government viewed this transition.

What appears to have emerged in Whitehall is a group of highly skilled administrative boundary spanners, linked by an increasingly dense and more frequent layer of informal relationships. These individuals were able to ‘facilitate partnership working by acting as informational facilitators and, by virtue of their nodal position and interpersonal skills, resolve inter-organizational conflicts and build mutual understanding and trust among partners’ (Guarneros-Meza and Martin, 2014, 2). They were involved in high level negotiations and had senior positions within their respective departments, making them ideally placed to use soft power (Newman, 2012),

‘There is genuinely no script and this is why the responsibility lies with more senior officials. Using informal mechanisms is in the nature of our jobs. You have to be a skilled administrator with enough seniority to make strategic decisions. In drawing on these skills we are creating a space and a set of conditions where the right strategic decisions can be taken’ (DCLG official).

The opportunity for informality was particularly evident in negotiations *prior* to the formal submissions of the deals in September 2015. Whitehall officials were utilizing an innovative-oriented culture to think creatively about new ways to secure power and influence. These innovative processes were increasingly happening ‘below the radar of the formal bureaucratic structures’ (HM Treasury official) often without a clearly defined audit trail. There was also a view that some of the tough and frank discussions required to strike deals would be extremely difficult to have on the record and informal governance provided a safe space ‘where we wouldn’t want the public or our colleagues monitoring our every conversation’ (DCLG official). Here informality was often used to overcome political or institutional barriers and to break deadlocks (Hartley *et al*, 2013). Whitehall officials felt that informal working had been largely positive, an observation supported by Localis and Grant Thornton (2015, 16) who suggested that ‘72% of local actors had found the discussions with central government constructive and positive’. For example, getting local areas to reach an agreement on the imposition of a metro mayor was an area Whitehall officials repeatedly referred to as requiring soft power.

‘The introduction of a metro mayor was turning into a deal breaker in [locality]. In the end we invited local leaders to Whitehall for an informal discussion. There were only six of us in the room and both sides lay their cards on the table. It was the only way an agreement like that could have been secured’ (DCLG official).

The potential risks associated with informality were, however, acknowledged including the resource intensive nature of relationships building, the danger of mixed messages and a lack of transparency (Helmke and Levitsky, 2013). A small number of respondents expressed some the need to provide an adequate audit trail for decision-making. Officials looked to overcome these pitfalls by ‘formalizing’ informal activities at critical points (Reh, 2013),

‘We did go through as rigorous process as we could to make sure that we had some kind of moderation to make sure there was consistency, albeit in a limited way. We have to have a defensible audit trail if someone wants to come in at a later stage to evaluate this process but it was light touch’ (BIS official).

Nonetheless, one official, who did not want their views to be ascribed to their department, outlined the potential risk of informal working with local partners,

‘It [using informal governance] hasn’t come a cropper yet. But, the one thing that there hasn’t been but there is perhaps a fear of is a local leader getting to the point where they just say in public “we are going to expose this for the sham that it is” or something like that. Now, that would be unfair but those kind of accusations might derail this process.’

Smith and Richards (2015, 22) suggest that there has been a lack of clarity over the process for agreeing deals, with Whitehall devolving powers according to unwritten rules, which ‘has the potential to create a patchwork system of devolution based on Whitehall concessions and not democratic rights’. A key question will be whether managing devolution deals in this way, back stage, will undermine implementation in the future when consensus and compliance from a broader range of stakeholders will be required. Table 5 summarises evidence of informal governance, innovations in politics and the potential pitfalls of more informal working.

*Table 5: The impact of informal governance on innovations in politics*

<b>Manifestations of informal working</b>	<b>Innovation in politics</b>	<b>Potential pitfalls</b>
New ministerial narrative in support of informal working	Creation of an ‘innovative oriented culture’	Informal relationships & processes are resource intensive
Empowerment of senior administrators to go ‘off script’ & utilize informal working	Emergence of a group of highly skilled boundary spanners	Danger of mixed messages in negotiations
Pursuit of new & creative informal ways to seek power & influence	Breaking deadlocks in difficult negotiations	Lack of transparency & audit in decision- making
	New processes to ‘formalize’ informal decision-making at critical points	

### *Innovations in policy - examining the outcomes*

The use of informal governance identified in this article raises some important questions about the tension between political and administrative drives for policy innovation. First, elected politicians have been pivotal in shaping this agenda, top-down, through strong Ministerial leadership that has stimulated confidence amongst officials throughout the bureaucracy. The evidence presented here supports the view that a productive relationship between policy-makers and administrators is beneficial in securing policy innovation (Hartley *et al*, 2013). Political leaders were pivotal in setting the agenda, while public managers assumed the role of policy innovators (Polsby, 1984). In contrast to arguments of ‘depoliticisation’ (Flinders and

Wood, 2014), the evidence presented here indicates a strong political mandate that is engendered throughout the bureaucracy and downwards through multiple levels of governance (Aucoin, 2012).

The institutional arrangements and processes described above have served to develop and promote new political visions, goals and strategies in the area of UK devolution policy (Jiannan *et al*, 2013). First, evidence suggests that a clear Ministerial narrative combined with the facilitating strategies of senior officials have produced a new vision in Whitehall regards the management of central-local relations. A DCLG official suggested that,

‘We used to micromanage local government and give them clear instructions and templates to follow. Now the emphasis is far more on locally-led, bottom-up solutions and local areas doing their own problem solving with our support. That has been a significant change for central government with its historical tendency to impose control through established procedures’.

Whitehall officials were utilizing high trust relationships with local actors to influence policy outcomes. For example, when one respondent failed to influence the views of a Minister via the formal bureaucracy they asked a number of local leaders to make the same appeal to the Minister in a signed letter, which the Whitehall official drafted. The official’s involvement in this process was not disclosed to the Minister and the letter had the desired effect. Formally, it was the letter from local leaders that resulted in a change of position. However, an analysis of informal governance revealed that it was the ‘back stage’ positioning and influence of this Whitehall official, working in conjunction with their local partners that secured the policy innovation. This is evidence of *subversive* behaviour. However, the official asserted that it was an attempt to utilise informal governance to change policy outcomes ‘by side stepping formal procedures for good intent’. While this example, and others, represent non sanctioned, rule altering behaviours, motivated by conflicting strategies, they were ultimately about trying to progress the agenda in positive ways. In all cases of *subversion*, the motive of officials was to bypass elements of formal governance deemed inefficient. These findings confirm Borzel and Panke’s (2012) view that often a degree of ‘due process’ and transparency is sacrificed to promote greater effectiveness.

Second, evidence also pointed to a new vision of what might be described as ‘unashamed diversity’ both in the way that Whitehall officials were engaging local actors and also in the final policy outcomes. The inevitability of local winners and losers appeared to be a position that Whitehall officials ‘were increasingly more comfortable with’ (HM Treasury official). Whitehall officials regarded the bespoke deals as far ‘more responsive to local circumstances’ (BIS official). However, the pace with which the agenda has unfolded has placed a huge strain on central government resources. Territorial equity and spatial justice could be threatened by a lack of Whitehall capacity to invest in the high intensity relationships required to secure bespoke deals in all English localities.

Third, the development of high trust central-local relationships resulted in new policy areas being devolved in some localities. The Department of Health, for example, has traditionally been one of the most resistant to devolution (Ayres and Pearce, 2013). However, securing the integration of health and social care as one of the ‘specials’ (Sandford, 2016) in ‘the Manchester Combined Authority deal signals what can be achieved when shared goals are created and assurances of competence are secured’ (HM Treasury official).

Commentators are currently divided, however, on whether these change epitomizes a new political commitment in Whitehall to devolve power where previous governments have failed or whether the agenda represents a ‘devolution deception’, whereby government presents a façade of devolution while maintaining ultimate control (Hambleton, 2015). Evidence of the use of informal governance supports both these positions. While all respondents indicated that they were utilizing informal governance with a ‘view to devolving as much as possible’ (DCLG official) it was also clear that central government was clearly in control of what, where and how devolution should occur. By using informal means to shape local aspirations behind closed doors, the ‘shadow of hierarchy’ was operationalized in more subtle ways, thus potentially supporting claims of a devolution deception. In this argument, by the time the deals were submitted and in the public domain, Whitehall’s imposition of policy preferences would remain largely masked. Table 6 summarises evidence of informal governance, the innovations in policy and potential pitfalls.

*Table 6: The impact of informal governance on innovations in policy*

<b>Manifestations of informal working</b>	<b>Innovation in policy</b>	<b>Potential pitfalls</b>
Political leaders & managers working informally to reach shared goals	New vision for managing central-local relations	Administrators being politicized by the process
Focus on long-term relationship building with localities	Increased diversity in central-local relationships & policy outcomes	A lack of capacity could undermine equity & fairness in the process
Focus on negotiation & bespoke deals	New policy areas (e.g. health) to be devolved	Central power is enforced informally, undermining local discretion

## CONCLUSIONS

Research evidence suggests that informal governance played a significant role in shaping all three dimensions of political innovation in the area of English devolution policy. Indeed, this might have been assumed already. However, this article makes a distinct contribution to the field of public innovation by providing empirically-grounded evidence to scientifically support this assertion. The evidence presented here makes a contribution to an area, acknowledged to be highly influential in shaping political innovation, but where there has been a lack of empirical work (Jitske *et al*, 2015). The case study is emblematic of policy-making in an ‘institutional void’ (Hajer, 2003), whereby formal regulation was relatively weak. This has afforded an opportunity for informal governance to determine political innovation in distinct ways. More formal arenas are arguably less likely to utilize informal governance in this way. Yet, this need not equate with less political innovation in formal settings. Instead, other critical resources, such as leadership or bureaucracy, might be drawn upon to pursue political innovation. What this research evidence tells us is that when formal structures and procedures are weak, political innovation can still thrive. Indeed, operating ‘back stage’ offers a number of distinct advantages for political innovation (Klijn, 2014), although these must be mitigated against the pitfalls associated with increased informality.

These insights have a number of implications for theory, method and practice. Theoretically, this article argues that an analysis of informal governance is essential if we are to fully understand how political innovation occurs in practice. Given the in-depth, qualitative and case specific nature of the study, it is not possible to generalize these findings to other countries,

contexts or policy areas. Indeed, most work on informal governance ‘takes the form of either abstract theory (N=0) or inductive case studies (N=1)’ (Helmke and Levitsky, 2013, 102). Nonetheless, this case study provides an essential building block for comparison or theory building. This analysis is intended to be a first step in providing an empirical grounding for future analysis on the impact of informal governance on political innovation.

For example, a series of propositions were identified for empirical investigation. Research evidence confirms *Proposition 1: Informal governance creates an ‘innovative space’ to explore new possibilities and develop trust between critical actors*. Elected politicians had a pivotal role in creating an ‘innovative space’ for senior administrators to develop new high trust relationships and working practices (Van Tatenhove *et al*, 2006). Back stage, administrators were using informal governance to (re)configure institutional arrangements (Friedman, 1995). Evidence also supports *Proposition 2: Informal governance can be used to enhance the autonomy and discretion of administrators, leading to an ‘innovative oriented culture’*. This shaped both the intention to be innovative and the creation of a permissive environment for change (Wynen *et al*, 2014). Informal governance was used by a closely-knit group of well positioned and highly skilled *boundary spanners* (Guarneros Meza and Martin, 2014) who, for the most part, were motivated to use it by co-operative strategies. It was used as a tool to break deadlocks, promote political momentum and complement a weak formal bureaucracy (Lauth, 2013). The ‘formalization’ (Reh, 2013) of informal working at critical points was utilized to secure political innovations that had traction.

Finally, research evidence confirms *Proposition 3: Informal governance can lead to more responsive problem solving and a shared commitment to new policy goals*. Central-local relationships were viewed as more collaborative and there was enhanced diversity and creativity in local policy outcomes. However, while informal working was viewed as a route to policy innovation, some respondents acknowledged the negative impacts regards transparency and accountability (Borzel and Panke, 2012). Whitehall officials could be accused of using soft power to enforce the ‘shadow of hierarchy’ in nebulous ways, thus undermining the ability of local actors to secure real influence.

Methodologically, this study confirms that informal governance can be researched at a domestic policy level and that the distinction between formal and informal governance arenas can be identified. Crucially, it also confirms that public managers are willing and able to articulate their views on using informal governance. Indeed, it has been possible to research the ‘invisibly’ and ‘opaque’. Empirically testing a concept like informal governance is challenging and findings are open to interpretation. This is an inevitable feature of in-depth qualitative techniques. While positivist, hypothesis-driven research might be ascribed preeminence in some quarters, the findings presented here ‘demonstrate once again the valuable insights to be gleaned from qualitative and interpretivist approaches’ (Ayres and Marsh, 2013, 657). This reinforces the position of world leading governance scholars who have called for greater tolerance in the diversity of theoretical and empirical enquiry and advocate the appropriate use of the full range of available research methods (Rhodes, 2013).

Finally, these findings have real value for policy-makers and practitioners. Indeed, there was a genuine desire and willingness amongst respondents to articulate, discuss and make sense of the informal world within which they were increasingly operating. At present there is no policy guidance or research insights to help them take stock, make sense of and then strategically manage informal governance. Indeed, there is much to be gained from pooling shared

perceptions, experiences and common behaviors with view to mutual learning, critical reflection and enhancing the capacities of the reflexive practitioner.

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